

From: "Nathan Batts" <Nathan@ncbankers.org> on 04/20/2005 03:40:38 PM

Subject: EGRPRA (Currency Transaction Reports)

NORTH CAROLINA BANKERS ASSOCIATION



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April 20, 2005

DELIVERED VIA E-MAIL

Office of the Comptroller of the Currency
250 E Street, SW
Public Information Room
Mailstop 1-5
Washington, DC 20219

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal
Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Docket No. 05-01
regs.comments@occ.treas.gov

Docket No. OP-1220
regs.comments@federalreserve.gov

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW
Washington, DC 20552

EGRPRA Burden Reduction Comment
comments@fdic.gov

No. 2005-02
regs.comments@ots.treas.gov

Re: Request for Burden Reduction Recommendations

Ladies and Gentlemen:

In February, the OCC, Federal Reserve, FDIC, and OTS (the Agencies) asked for recommendations on how to reduce the burden of rules pertaining to Money Laundering, Safety and Soundness, and Securities. The North Carolina Bankers Association (NCBA) is pleased to

have the opportunity to comment on these issues.

The NCBA is a trade association representing all 139 banks, savings institutions, and trust companies headquartered or doing business in North Carolina. On behalf of our members, we ask the Agencies to consider implementing changes in the following areas.

CURRENCY TRANSACTION REPORTS

Our first recommendation relates to Currency Transaction Reports (CTRs). We recommend that the threshold for filing CTRs be modified. The current threshold of \$10,000 has not been adjusted for inflation and is too low to be truly beneficial. We propose increasing the threshold to at least \$25,000.

As a related issue, we propose modifying the definition of exempt persons. Currently, a customer can qualify for exempt status by maintaining an account for at least 12 months and meeting additional requirements. As other commentators have stated, this waiting period should be substantially shorter. CTRs lose their effectiveness when they are being filed needlessly, as may occur when an established business moves an account between banks.

Similarly, we ask you to consider eliminating the biennial filing requirement with respect to certain exempt persons. Banks are already required to provide information annually supporting the designation of exempt persons. It seems unnecessary to require more frequent filings for certain customers.

SUSPICIOUS ACTIVITY REPORTS

Another one of our recommendations relates to the filing of Suspicious Activity Reports (SARs). We are concerned that the steadily increasing volume of SARs is degrading their effectiveness. We request that the Agencies work with FinCEN to provide detailed guidance on when SARs should be filed and what documentation should be retained by banks. Until further clarity is achieved in this area, banks will continue to file SARs in record numbers so as to protect themselves from the severe penalties of potential noncompliance.

ANNUAL AUDITS

A final area of concern is the interplay between the annual independent audit and reporting rules enacted under the Federal Deposit Insurance Corporation Improvement Act (FDICIA) and those enacted under the Sarbanes-Oxley Act of 2002. Many banks are subject to both sets of rules. To the extent possible, we ask the FDIC and the other Agencies to work in cooperation with the U.S. Securities and Exchange Commission to explore ways of streamlining the audit and attestation process.

The North Carolina Bankers Association appreciates the opportunity to submit these comments. If you have any questions, then please contact the undersigned.

Sincerely,

Nathan R. Batts
Associate Counsel